



Solicitation Information

December 20, 2012

Addendum #4

RFP # 7458282

TITLE: INTEGRATED TAX SYSTEM

Submission Deadline: January 15, 2013 @ 2:00 pm (EST)

- **Below are the responses to the remaining vendor questions.**
- **No additional vendor questions will be entertained.**

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Addendum #4 to RFP # 7458282,

Integrated Tax Software

QUESTIONS RECEIVED BY 12/13/2012:

1. Page 18, Section 3.1; second bullet – Will the vendor be expected to make the changes/modifications to the system once installed to accommodate the annual form changes as part of the integrated imaging and data capture system? If so, is this effort to be included in the pricing as part of the \$23 million dollars for the 5 year term of the contract?

Changes/modifications to the integrated imaging and data capture system after installation will be made by the State. However, as part of the contract price the vendor will be expected to provide assistance to the State during the contract term in making these changes/modifications.

2. Attachment C – requirement 517 and 636 – How many remote office locations will require scanning/imaging capabilities? Will full page returns be imaged at these remote office locations?

The Rhode Island Division of Taxation only has one location (One Capitol Hill, Providence, Rhode Island). The Division of Taxation does have one full time employee located at the Division of Motor Vehicles (600 New London Ave, Cranston, RI 02920). The employee located at the Division of Motor Vehicle will be required to have access to the COTS ITS but not the scanning/imaging portion of the system.

3. Attachment C – requirement 521 – Is it the State’s intent to utilize automated recognition (OCR/ICR) for all forms listed in Attachment J, “Tax Form Table”, or only those of significant volume with the remaining forms captured using Key-From-Image?

It is the intent of the Division of Taxation to utilize automated recognition (OCR/ICR) for most of the forms listed in Attachment J. There are some items listed in Attachment J that are “Booklets” or Instructions and those items will not be scanned. Forms with data that need to reside in the COTS ITS will utilize automated recognition.

4. Attachment C – requirement 522 – Will all envelopes be captured during the scanning process, or only those returns received that are considered late?

All envelopes and correspondence will be scanned.

5. Attachment C – requirement 530 and 531 – Can the State please clarify what is meant by “zone count” referenced in these two requirements and their purpose?

The state is referring to the borders created around areas of a page image to identify what will be recognized as text or as a graphic during OCR.

6. Attachment C – requirement 536 – Which tax/form types within Attachment J, “Tax Form Table” are expected to be received in book or bound form?

The Tax Forms listed that may be received in bound form would include: RI-1065, 1120C and 1120S.

In addition, Form 100, Estate Tax Return, may contain some supporting documentation that is received in book or bound form (for example, property/real estate appraisals).

7. Attachment C – requirement 560 – Which tax/form types within Attachment J, “Tax Form Table” are (or will be) processed by a third party lockbox provider?

The Tax Forms listed in Attachment J which are processed by a third party lockbox provider are listed below:

RI Tax Form #	RI Tax Form Title
1120ES	Estimated Tax Return
1120V	Corporate Tax Payment Voucher
7004	Corporation Tax Extension Request
T-204	Sales Tax Return
HOM	Monthly Hotel Tax Return
MTM	Monthly Meals and Beverage Tax Return
MTQ	Quarterly Meals and Beverage Tax Return
Litter Application	Application for Litter Control Part Permit
PWTM	Prepaid Wireless Telecommunications Charge – Monthly
PWTQ	Prepaid Wireless Telecommunications Charge – Quarterly
T-204M	Monthly Sales/Use Tax Return for Sales/Use, Cigarette Retailers and Motor Vehicle Dealer Sales
T-204Q	Quarterly Sales/Use Tax Return for Sales/Use, Cigarette Retailers and Motor Vehicle Dealer Sales
941D	Daily Withholding Return
941M	Monthly Withholding Return
941Q	Quarterly Withholding Return
941QM	Quarter-Monthly Withholding Return
1040ES	1040 Estimated Tax Return
1040V	Resident/Nonresident Return Payment Voucher
4868	Application for Automatic Extension

8. Attachment C – Imaging and Data Capture requirements – The listing of requirements appear to span both a imaging and data capture (i.e. forms and remittance processing) system as well as a document management system. Can these requirements be met with the implementation of more than one system, or does a single imaging and data capture (i.e. forms and remittance processing) system have to provide all functions?

The state will allow more than one system to accomplish the imaging, data capture and document management system as long as they are interfaced.

9. Attachment I – Tax Matrix – Is the column titled “Number of Returns Received” indicate all paper returns or both paper and electronic? If both, what is the volume of paper returns for each tax type?

Attachment I includes both paper and electronic returns.

Please see table below for total number of returns received by the Division of Taxation during a year. Returns received are categorized as follows:

“Paper” – Paper returns received by the Division of Taxation without a 2D bar code

“2D Return” – Returns received by the Division of Taxation with a 2D bar code

“EFT” – Returns/payments received via ACH debit or ACH credit

“MeF” – Returns received via the Fed/State Modernized E-File Program

“Lockbox” – Returns received and processed by the Division of Taxation’s Lockbox operation

“Optins” – Returns received by third party insurance tax return processor

“IFTA” – Returns received by third party motor fuel tax return processor

Tax Type	Number of Returns Received	Paper	2D Bar Code	EFT	MeF	Lockbox	Optins	IFTA
Personal Income Tax Returns	604,665	121,887	46,490		436,288			
Personal Income Tax Vouchers	245,950			10,784		235,166		
Withholding Tax	883,062	30,034		773,187		79,841		
Sales and Use Tax	247,232	32,144		143,746		71,342		
Sales Permit	31,544	6,989		7,415		17,140		
Corporate Tax Returns	51,615	31,549	5,829	4,212	10,025			
Corporate Tax Vouchers	58,028		-		-	58,028		
Partnership Returns	5,000	2,600	2,400	-				
Employment Taxes - UI	131,004							
Employment Taxes - TDI	128,028							
Employment Taxes - JDF	131,800							
Tax on Gross Earnings of Public Utilities	380	211		169				
Banking Institutions Excise Tax	200	187		13				
Health Care Provider Assessment	66	66		-				
Nursing Facilities Provider Tax	92	13		79				
Hotel Tax	1,592	681		719		192		
Motor Fuel Tax	959	409		550				
Uniform Oil Tax	113	26		87				
Outpatient Facility Surcharge	203	38		165				
HealthCare Surcharges - Imaging Services Surcharge	546	280		266				
Cigarette Tax	470	450		20				
Rental Vehicle Surcharge	255	226		29				
Reg Fee - Underground Storage/RIPTA	144	53		91				
Estate Tax	4,874	4,874		-				
Beverage Container Tax	372	283		89				
Litter Control Participation Permit Fee	6,237	1,499		219		4,519		
Hard to Dispose Material	1,474	523		186		765		
Insurance Tax	6,200	3,325		918			1,957	
Insurance Tax - HMO	30	5		25				
Alcoholic Beverage Import Service Fee	300	237		63				
Liquor Licenses (Import, MRG & WHLS)	2,007	2,007		-				
Tobacco Products Tax	1,032	1,032		-				
Meal & Beverage Tax	35,024	160		29,073		5,791		
Simulcast Taxes	518	271		247				
Real Estate Conveyance Tax	468	213		255				
GIS and Technical Fund	300	39		261				
Telecommunication Education Access Fund	516	117		399				
E911 Wireless Surcharge	336	94		242				
E911 Wireline Surcharge	588	186		402				
Bank Deposit	36	27		9				
Tobacco Dealers:								
-Retailers	1,654	770		354		530		
-Distributors	22	22						
Hospital Licensing Fee	12			12				
Political Organizations Tax	17	17						
IFTA - Receipts and Permits, Decals and License	4,512							4,512
Personal Property Tax - Telecommunications	37	30		7				
Prepaid Wireless	1,104	190		654		260		

10. Attachment I – Tax Matrix - During peak Personal Income Tax processing, what is the average daily volume of paper returns?

Listed below is a summary by week of paper personal income tax returns received during April of 2012:

Week Ending	2-D Bar Code Paper Return	Non 2-D Bar Code Paper Return	Total Returns Received
4/4/2012	1,278	5,322	6,600
4/11/2012	2,426	3,284	5,710
4/18/2012	2,456	1,967	4,423
4/25/2012	5,465	6,362	11,827
5/2/2012	1,992	8,634	10,626

11. Attachment I – Tax Matrix - During non-peak processing what is the average daily volume of paper returns?

The Division of Taxation does not track the number of returns received on a daily basis; however please find below an estimate of the total number of returns received by month:

Month	Estimated Returns Received
Jul-11	114,355
Aug-11	123,487
Sep-11	153,369
Oct-11	155,693
Nov-11	125,963
Dec-11	121,923
Jan-12	220,234
Feb-12	170,916
Mar-12	276,559
Apr-12	392,946
May-12	154,524
Jun-12	189,817
Total	2,199,786

12. Attachment I – Tax Matrix - Is there a quantity of returns for peak and non-peak that the State would intend for the imaging and data capture system to be configured to process?

The Division of Taxation does not track the number of returns received on a daily basis; see response to Question #11 for an estimate of the total number of returns received by month.

13. Attachment I indicates 111 forms, however Attachment J outlines over 200 forms. Which list should the vendor use for scope of effort for implementing the scanning and imaging system?

The proposed vendor should use the list from Attachment J for purposes of scoping the effort needed to implement a scanning and imaging system.

14. Attachment I – Tax Matrix – Will only current year forms be processed during the initial implementation? If prior year returns are required to be processed at time of initial implementation, how many prior years is required for processing?

During the initial implementation it is expected that only current-year forms will be processed; however there must be a method to enter financial data into the COTS ITS from prior-year returns received during and after implementation. After initial implementation, it is expected that the system will process both current-year and prior-year forms.

15. Are there any mail opening/slitting devices currently installed at DOR?

The state currently has one mail slitting device.

16. Attachment I – Tax Matrix - Is it the intent of DOR to work with the vendor to redesign the forms for accommodating OCR/ICR technology?

The state will work with the vendor to redesign or develop new forms to accommodate the OCR/ICR technology.

17. Attachment I – Tax Matrix - Please provide the annual volume of checks to be processed by tax type.

From July, 2011 to June, 2012 the Cashier section processed approximately 36,000 checks for the following tax types:

Sales & Use Tax – 12,000

Withholding Tax – 4,000

Personal Income Tax – 3,500

Corporate Income Tax – 6,000

Other/Miscellaneous – 10,500

18. Attachment I – Tax Matrix - During peak processing (Personal Income Tax) does DOR work one shift, two shifts or three shifts?

During peak processing season the Division of Taxation operates one shift (between 7:30 A.M. and 4:30 P.M.). However, there are occasions when the Division of Taxation employees work overtime (between 4:30 P.M. to 8:00 P.M.) and weekends (between 7:30 A.M. and 4:30 P.M.).

19. Is there more than one bank for the checks to be deposited? What is the depository bank?

The Division of Taxation uses one bank to deposit checks, Webster Bank.

20. Attachment I – Tax Matrix - Is the current data entry performed on the mainframe or some other system?

Currently, data entry is performed on the mainframe system for Personal Income Tax, Corporate Tax, Sales & Use Tax, Health Care Providers Tax and Withholding Tax. The data which mainly consists of financial transactions for the off-line systems is entered through several different Microsoft Access databases.

21. General - Please specify if the State has any preference in the following areas:

Operating System – UNIX/Windows

Application Server – Web Logic/Web Sphere

For an Operating System, a Windows-based platform is preferred. As for the Application Server, that would be decided by the Application/Development personnel responsible for maintaining the system after vendor services are completed.

22. General - What is the number of users using the system? What is the volume of transactions per day? What is the peak load of system?

The Division of Taxation's users can be categorized as follows:

Level 1: Primary User (More than 75% of time spent on System)

Level 2: Moderate User (Between 25% and 75% of time spent on System)

Level 3: Occasional User (Less than 25% of time spent on System)

Section	FTEs	Integrated Tax System	Front-end and Imaging System
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Tax Administrator's Office	5.0	Level 3	Level 3
Forms/Outreach	3.0	Level 2	Level 2
Field Audit	44.0	Level 2	Level 2
Corporation/Business Taxes	6.0	Level 1	Level 1
Excise Tax	15.0	Level 1	Level 1
Estate	3.0	Level 1	Level 1
Office Audit	16.0	Level 1	Level 1
Personal Income Tax	17.0	Level 1	Level 1
Employer Tax	28.0	Level 1	Level 1
Collections/Compliance	36.0	Level 1	Level 1
Tax Processing/E-Gov	34.0	Level 2	Level 1

In addition to the FTEs listed above, the Division of Taxation hires nine seasonal data entry operators and nine clerks during personal income tax season (January to June). These seasonal employees would be Level 2 users of the integrated tax system and Level 1 users of the Front-end and Imaging System.

23. Section 2.3 - Under the Examination Branch of Section 2.3 the Employer Tax Section is mentioned which operates Rhode Island's Unemployment Insurance(UI), Temporary Disability Insurance(TDI) and the Job Development Fund(JDF) tax receipt programs. However UI tax is not part of Attachment H which lists the tax/fee programs. Please confirm whether UI tax is part of this proposal initiative.

The Employer Tax Section is not part of the initial implementation of the COTS ITS. The Division of Taxation will evaluate recommendation from Offeror to incorporate the Employer Tax Section in this project; otherwise the Employer Tax Section will be integrated separately in a future project.

24. Section 3.4 - In section 3.4 Project deliverables, Disaster Recovery Procedures is mentioned as one of the deliverables. However in section 4.5.12 Roles and responsibility matrix, State is the Lead for developing disaster recovery plan and procedures. Please clarify as to what is expected from the vendor as part of project deliverable for disaster

recovery.

The State has a contract with Sungard to host the disaster recovery site equipment but the full plans, procedures and documentation for a bare metal restore would be the responsibility of the selected vendor.

25. Section 3.5 - Please confirm if the Division of Taxation expects vendor to include pricing for hardware support also as a part of Maintenance & Support. If yes, then please let us know where this information needs to go in Attachment G – cost proposal.

Yes, hardware support should be included as part of Maintenance & Support. Please include the pricing for this in Attachment G – Section 6 under “System & Technical Software”.

26. Section 3.6 - 1st Para: It is expected that the bulk of project activities will be performed onsite at the main office of the Division of Taxation. The Division of Taxation will provide the Contractor with project office space and necessary office equipment such as desktop computers, telephones, and access to printers. Please specify the count of seating space along with desktop configuration that will be provided by the Division of Taxation. It's our assumption that DOT will also provide network connection (intranet & internet) for all the desktops. Please confirm.

The Division of Taxation will provide office space at our main offices to accommodate 15 to 25 individuals. The Division of Taxation will also provide the necessary office equipment as well as network connectivity. The desktop computers will be Dell 7010 small form-factor desktop (or similar model) and will include the State's basic configuration to include, Windows 7, Microsoft Office 2003 (and/or 2010) and Groupwise 8.

27. Section 4.4.1 - The RFP asks to 'Describe how remote access is accommodated, including areas with low 'bandwidth.' Which type of users would be utilizing remote access of new COTS ITS? Of those, what is the anticipated user count utilizing a low bandwidth environment?

The Division of Taxation operates out of a single location on multiple floors within the same building (One Capitol Hill, Providence, RI). The Division of Taxation anticipates using remote access for the Compliance and Collection staff (20 users), Tobacco

Investigators (4 users), and Field Audit agents (40 users) who travel within a maximum range of fifty (50) miles of our operations center. It is estimated that the user count utilizing a low bandwidth would be fairly low.

28. Section 4.4.1 - The RFP asks to 'Describe any capabilities the COTS ITS system has for downloading and uploading data and application functionality to and from user laptops, tablets, and other mobile devices for use in the field.' Which type of users would need the capability described above? Is it limited to field audit or other functionality? Does the Division of Taxation expect the COTS ITS to have remote data uploaded into the application or expect some application components to run offline? Please clarify.

Users needing the capability to download and upload data and application functionality to and from user laptops, tablets, and other mobile devices for use in the field include: Compliance and Collection staff (20 users), Tobacco Investigators (4 users), and Field Audit agents (40 users). It is expected that the COTS ITS will have remote data uploaded into the application.

29. Section 4.4.1 - The RFP asks to 'Identify any graphics engine used in conjunction with the proposed system, including product name and version, and whether it requires separate licensing' What types of graphics are anticipated and can you please provide some additional clarification on this requirement by providing an example of what may be anticipated?

The State is referring to any software that may be needed to display the scanned images stored in the COTS ITS.

30. Section 4.4.2. - The RFP asks, 'This configuration should describe the recommended central infrastructure for hosting the ITS, imaging, and data capture applications'. What is the expected usage for the imaging and data capture applications in terms of expected documents scanned per day and also data storage and retention requirements? Will this cover ICR capabilities along with Form redesigning? Please clarify.

Excluding the returns received by the Employer Tax Section, the Division of Taxation received 298,500 paper returns during a twelve month period. The Division of Taxation tracks returns received on a weekly basis. During peak processing time (March/April and September/October), the Division of Taxation can receive 20,000 to 30,000 paper returns

per week.

Retention requirements vary by tax type and some may be found in Rhode Island General Law. Most taxes and fees administered by the Division of Taxation currently have a five or six year retention requirement. The Secretary of State's Office published a regulation addressing "Making and Management of Imaged Public Records" (<http://sos.ri.gov/documents/archives/regdocs/released/pdf/SOS/5762.pdf>)

As part of the modernization project the Division of Taxation plans to review all tax return retention requirements and propose modifications.

31. Section 4.4.4. In section 4.4.4, it is mentioned that stress testing software needs to be provided. Does the Department have any expertise with any particular software? If so, does the State have any licenses for such software? If not, may the vendor select the software of its choice?

The State does not have any expertise with any particular software nor does the State own any stress testing software. We expect the vendor to choose one, and fully document its installation and use.

32. Section 4.4.4. Disaster Recovery - Please provide expected RTO (Recovery Time Objective) / RPO (Recovery Point Objective) requirements. Are there any existing tools for data replication/data backup that the vendor may reuse? Is the vendor expected to identify disaster recovery sites? Please confirm the size and scope of Disaster Recovery environment.

In the event of a disaster, the Division of Taxation must have the ability to record and deposit payments within two business days. Customer service, return processing and refund processing must be operational within 10 to 14 days.

The State does not have replication tools in place today.

33. Section 4.4.7 - The RFP asks the we 'Provide a message facility'. Please elaborate about the sort of message facility being referred to here. Is this referring to system generated notifications via email/sms or notifications between system users?

At a minimum the solution should include system generated notifications and alerts based

on different system events. The Division of Taxation however would prefer an option that would also allow users to send instant messages to other users.

34. Section 4.5.5 In section 4.5.5 of the RFP document it is mentioned that there are some issues with existing data which is stored in multiple systems which needs to be resolved at the time of data conversion. Is it correct to assume that the State will be responsible for resolving these discrepancies in the data? Please confirm.

The State will be responsible for resolving the data discrepancies with the assistance and guidance from the vendor.

35. Section 4.5.5 The RFP states that 'Most of the existing data resides in the mainframe legacy systems. However, data for some tax and licensing programs is maintained in a variety of systems. In addition, the Division of Taxation utilizes a separate compliance case management system and related data warehouse.' Please clarify whether the data from multiple sources will be extracted by Division of taxation and provided to the vendor as one single source or whether the vendor is expected to do the data extraction from the multiple sources.

Data from multiple sources will be extracted by the Division of Taxation and provided to the vendor in **different** layouts.

36. Section 4.5.5 - What is the volume of data that needs to be converted from Mainframe system and Access databases? Please provide the total number of files/tables in both the systems, current size of the source database – Mainframe and Access. Please specify the different logical data sets that need to be converted. For example, registration data, financial data, case data etc.

Please see the two lists below which contain files that will be converted from the Mainframe System and the Off-line Systems. Please note that this is a partial listing and there may be many additional files that need to be loaded into the COTS ITS system.

File Names to be converted from the mainframe	Maximum Record Length	Number of Records in File as of 12/13/2012	Description
Income Tax			
IT1040H.ADDRESS.FILE	250	3,910	Non-eligible addresses for Income Tax Property Tax Relief Claim
IT.ACC.RECV.FILE	200	266,549	Income Tax Accounts Receivable file
IT.COMMENT.FILE	180	8,085,577	Income Tax comments
IT.CREDIT.FILE	1000	236,939	Income Tax Return Credit detail
IT.DEATH.FILE	5	91,618,976	Population of people that have died - used for Fraud returns
IT.DLT.AR.OFFSET.FILE	100	71,148	RI Income Tax A/R sent to DLT for potential offset by TDI refunds
IT.DLT.UNEMPLOY.INSUR.FILE	200	3,891	Used to match Unemployment Benefit with Income Return for tax year 2009
IT.DAILY.DMV.BLOCK.FILE	126	6	DMV records to be blocked daily - License Block process
IT.DAILY.DMV.CLEAR.FILE	126	6	DMV records to be cleared daily - License Block process
IT.MONTHLY.DMV.BLOCK.FILE	126	368	DMV licenses & registrations for potential License Block process
IT.ELF.EFIN.FILE	100	4,854	ELF / MeF EFINS that have been accepted for processing
IT.ELECTRON.FILING.FILE	2000	469,603	ELF / MeF Income Tax Returns
IT.EP.OFFSET.INPUT.FILE	500	2,119	East Prov. records for potential offset by Income Tax refunds - after cleansing by us
IT.ELECTRON.FILING.SUSPENSE.FILE	100	100	ELF / MeF Income Tax Returns suspended from processing
IT.FUNNY.NUMBER.FILE	11	3,586	Internal assigned 'key' for Income Composite & Pass-Thru returns
IT.FRAUD.ADDRESS.FILE	100	778	Addresses identified as fraud addresses used for Fraudulent Income Tax refunds
IT.FRAUD.SSN.FILE	100	5,310	SSNs & Bad Preparers ID identified - used for Fraudulent Income Tax refunds
IT.HIGHER.ED.OFFSET.FILE	69	2,072	Higher Ed records for potential offset by Income Tax refunds
IT.HISTORY.COMMENT.FILE	180	961,959	Income Tax comments - History - last 3 years
IT.HISTORY.CREDIT.FILE	1000	420,190	Income Tax Return Credit detail - History - last 3 years
IT.HISTORY.NAME.CROSS.REF.FILE	84	2,511,123	Income Tax Name Cross Reference - History - last 3 years
IT.HISTORY.SPOUSE.SSN.FILE	13	666,838	Income Tax Spouse SSN file - History - last 3 years
IT.HISTORY.TAX.FILE	10,220	1,814,176	Income Tax Return file - History - last 3 years
IT.HISTORY.W2.FILE	2,000	597,196	Income Tax Return W2 file - History (First year populated January 2012)
IT.LETTER.FILE	200	211	Income Tax weekly Letter file
IT.IRS.LEVY.INPUT.FILE	85	15,980	IRS records for potential offset by Income Tax refunds - CD provided by Steve
IT.IRS.LEVY.OUTPUT.FILE	180	1,527	IRS records that were offset by Income Tax refunds - YTD file
IT.LICENSE.AR.FILE	400	132,021	License Block - information for each Taxpayer blocked
IT.LICENSE.RENEW.AGENCY.FILE	220	97,853	License Block - used once a month to load agency records for potential block
IT.NAME.CROSS.REF.FILE	81	2,377,508	Income Tax Name Cross Reference file
IT.REFUND.YTD.FILE	100	464,156	Income Tax Refund Year to Date file
IT.STUDENT.LOAN.OFFSET.FILE	69	204	RI Student Loan records for potential offset by Income Tax refunds
IT.SSN.FILE	50	1,642,521	Income Tax SSN file for Alpha SSN cross reference
IT.STATS.FILE	500	815	Income Tax Statistics file
IT.TOPSLIMBO.PAYMENT.FILE	100	3	TOPS - Treasury Offset - Payments for offsets done against RI A/R - no record to apply to
IT.TAX.RETURN.CORR.FILE	3,000	835,237	Income Tax On-line Return Correction file
IT.TAXPAYER.FILE	850	1,657,457	Income Tax Taxpayer file
IT.TAX.RETURN.FILE	10,220	1,236,080	Income Tax Return file
IT.W2.FILE	2,000	691,037	Income Tax Return W2 file
Corporate Tax			
CORP.TAX.COMMENT.FILE	180	567,545	Corporate Tax Comment file
CORP.TAX.RETURN.CORR.FILE	1000	25,382	Corporate Tax On-line Return Correction file
CORP.TAX.CORRESP.FILE	1000	146,144	Corporate Tax Correspondence file - was used for Letters of Good Standing
CORP.TAX.CRS.FILE	750	6,782	Corporate Tax Combined Reporting file - First year Tax Year 2011
CORP.TAX.MEF.EXTEND.FILE	3,000	9,093	Corporate Tax MeF file for extended data
CORP.TAX.MEF.HOLD.FILE	15	22	Corporate Tax MeF file used to avoid duplicate filings for 1120 & 1120C
CORP.TAX.PAYMENT.FILE	110	47,149	Corporate Tax Payments before return is filed
CORP.TAX.MEF.PTN.HOLD.FILE	15	0	Corporate Tax MeF file used to avoid duplicate filings for 1065
CORP.TAX.RET.FILE	5,740	1,087,120	Corporate Tax Return file
Health Care Providers Tax			
HCP.TAX.COMMENT.FILE	165	2,910	Health Care Providers Tax Comment file
HCP.TAX.HISTORY.FILE	6,523	2,168	Health Care Providers Tax Return file - History
HEALTH.TAX.NAME.INDEX.FILE	56	178	Health Care Providers Tax Name Cross Reference file
HCP.TAX.RET.FILE	13,231	394	Health Care Providers Tax Return file
Sales Tax			
SALES.TAX.COMMENT.FILE	180	1,380,435	Sales Tax Comment file
ST.CONDENSE.FILE	6,947	282,125	Sales Tax Condensed file - not in use since August 2005
SALES.TAX.HISTORY.FILE	7,521	856,748	Sales Tax Return file - History
ST.LIQUOR.LICENSE.FILE	1000	3,983	Sales Tax Liquor License Tracking file
ST.MB.LOCATION.DIST.FILE	100	464,334	Sales Tax Meal & Beverage Location Distribution file
ST.MB.LOCATION.HOLD.FILE	100	42,052	Sales Tax Meal & Beverage Location Hold file - bills to be paid before distribution is done
ST.MB.LOCATION.ID.FILE	100	608	Sales Tax Meal & Beverage Location ID file - indicates C/T distribution for multi-locations
SALES.TAX.PERMIT.CROSS.REFER.FILE	22	64,970	Sales Tax Permit Cross Reference file - old prefix / permit number to get federal id number
ST.RECON.FILE	500	15,541	Sales Tax Annual Reconciliation file
SALES.TAX.RET.FILE	15,050	110,456	Sales Tax Return file - contains all transactions pertaining to the Sales Tax return
SALES.TAX.RETURN.FILE	150	436,758	Sales Tax Return file - contains the 12 months of only return transactions
ST.STREAM.CROSS.REF.FILE	100	488	Sales Tax Streamlined Cross Reference file - indexed by Streamlined Sales Tax number
SALES.USE.TAX.FILE	250	193,365	Sales Tax Use Tax file - Consumer Use data - Autos, Boats, Planes
Withholding Tax			
WITHHOLD.TAX.COMMENT.FILE	180	848,466	Withholding Tax Comment file
WITHHOLD.TAX.HISTORY.FILE	9,021	688,450	Withholding Tax Return file - History
WT.LEASE.FILE	610	68	Withholding Tax Leasing Company Tracking file
WITHHOLD.TAX.RET.FILE	18,050	100,887	Withholding Tax Return file
WITHHOLD.TAX.W2.EMPLOY.HIST.FILE	225	8,912,624	W2 Employer file - History Years 1998 - 2010
WITHHOLD.TAX.W2.EMPLOY.FILE	225	654,742	W2 Employer file
WITHHOLD.TAX.W2.SSN.HIST.FILE	22	8,689,827	W2 Employee SSN file - History Years 1998 - 2010
WITHHOLD.TAX.W2.SSN.FILE	22	636,259	W2 Employee SSN file
Business Tax Cross Reference			
BUSINESS.TAX.ACC.T.REC.FILE	6,581	527,037	Business Tax Accounts Receivable file
BUSINESS.TAX.INFO.FILE	4,000	284,189	Business Tax Information file
BUSINESS.TAX.NAME.FILE	100	425,778	Business Tax Information Name Cross Reference file
BUSINESS.TAX.COMMENT.FILE	180	4,815	Business Tax Information Comment file
TX.DTAX.BILLNO.XREF.FILE	57	3,072	Business Tax DTax Bill Number Cross Reference file - to get mainframe bill number
BUSINESS.TAX.STATS.FILE	50	6,562	Business Tax Statistics file
Batch Inventory			
TX.BATCH.INV.FILE	150	144,720	Batch Inventory file
TX.BATCH.INV.TOTAL.FILE	150	46,125	Batch Inventory Total file
TX.BATCH.INV.TRANSM.FILE	50	138,495	Batch Inventory Transmittal file
General Tax Files			
TX.COLLECT.ASSESS.FILE	2,000	516	Business Tax Collections Assessment file - used for Collection Assessment bills
TAX.LIENS.FILE	800	34,640	Collections Liens file
TAX.LIEN.NAME.FILE	100	63,646	Collections Liens Name Cross Reference file
TAX.COMMENTS.FILE	460	100,866	Collections Comments file
TX.COLLECT.OFFICER.FILE	150	100	Collection Officer file
TAX.EFT.ID.FILE	50	3,706	Electronic Filing Transfer ID file
TX.SECURITY.ARCHIVE.FILE	125	310	Mainframe Security Access Archive file
TX.SECURITY.FILE	100	203	Mainframe Security Access file
TAX.ZIP.CODE.FILE	800	34,640	Zip Code file - Used for officer assignment in collections

DB Name	Size of DB in KB	DB Name	Size of DB in KB
911Surcharges.mdb	4228	UniformOil.mdb	884
AccountingRefunds.mdb	3504	WholesaleMFGLicense.mdb	264
AlcoholBeverageMFG.mdb	960	ARControls.mdb	1088
AutoRental.mdb	884	CorpControls.mdb	612
BankDeposit.mdb	2404	ExciseControls.mdb	616
BankExcise.mdb	4220	MiscControls.mdb	588
Bankruptcies.mdb	3468	EstateFilers.mdb	210596
Betting.mdb	1944	AutoReturns.mdb	3032
BeverageContainer.mdb	996	BevContReturns.mdb	764
BeverageImportFee.mdb	996	CigaretteOffenses.mdb	4568
CompassionCenter.mdb	988	CigFloor.mdb	1980
DistributorsExporters.mdb	328	CigMinimum.mdb	2148
EconomicDevelopment.mdb	856	CigReq.mdb	788
EmployeeLeasing.mdb	588	RealEstateReturns.mdb	1400
EmploymentTraining.mdb	308	RenewalAlcoholStatistical.mdb	908
EPRegFee.mdb	1092	Insurance.mdb	78076
Estate.mdb	7964	PublicService.mdb	7236
ExciseRefunds.mdb	15684	CashReceipts.mdb	25520
ExportRefunds.mdb	1656	RefundsandAdjustments.mdb	7172
FuelBonds.mdb	7196	Auto.mdb	5828
Gaming.mdb	712	Boats.mdb	8260
Gas.mdb	4464	Contractor.mdb	3804
GroupHomes.mdb	236	ExemptArtists.mdb	772
HealthcareSurcharges.mdb	2252	ExemptFarmers.mdb	3180
Hearings.mdb	19356	ExemptOrganizations.mdb	4228
HistoricCredits.mdb	252	ExemptProjects.mdb	764
Hospital.mdb	1200	FADData.mdb	148796
IFTA.mdb	3860	FieldAuditRefunds.mdb	8680
IFTAReturns2003.mdb	61064	IFTAJurisdictions.mdb	372
LiquorAgentsLicense.mdb	452	Nexus.mdb	54228
MiniRec.mdb	16188	NonRes-NoTaxes.mdb	4260
MiniRecCigarettes.mdb	13612	Planes.mdb	636
NonResidentPurchases.mdb	556	UseTax2000.mdb	960
NSFChecks.mdb	15956	NonResContractor.mdb	1116
Parking.mdb	1076	Cig2003.mdb	69312
PoliticalOrganizations.mdb	3484	Combined1065.mdb	8964
PromotersApplication.mdb	1696	NewCigaretteBillings2003.mdb	47324
PSTang.mdb	896	Amnesty.mdb	910
Realty.mdb	2412	Cigarette.mdb	43748
SecurityDeposit.mdb	948	SBM-Import.mdb	35124
Seizure.mdb	772	SenecaCommerceCigs.mdb	8946
Tobacco.mdb	6040	CashRegister	82000
TobaccoProducts.mdb	1684		

37. Section 4.6.2 This section states that majority of the functional components of the COTS ITS products and services proposed for the Division of Taxation system must currently be in production for at least 75% of the contracted tax types. Please confirm if this is a mandatory requirement or whether the State is flexible enough to consider a highly configurable system that can be configured to all of the tax types that are being handled by State.

The Division of Taxation will consider vendors who have successfully implemented a COTS ITS if the system is integrated and running multiple tax types similar to the taxes/fees administered by the Division of Taxation.

38. Section 4.7.2 In section 4.7.2 of the RFP it is mentioned that the cost of all server hardware and software should be included in the cost proposal. It also states “User workstations should not be included as part of the cost proposal. The cost for this hardware should be included in the cost proposal”. Can you please clarify whether we include or exclude this cost? Can you also provide the quantity of workstations and scanning devices required?

User workstations should not be included in the cost proposal. The appropriate quantity of scanning devices (depending on model and speed) should be included as part of the cost proposal.

39. Attachment C Req#117 In attachment C, Req#117 it is mentioned that State currently has a Modernized eFile system. In case the vendor offers its own e-file system, will the current system be replaced or does the vendor need to omit the online system and create an interface with modernized e-File system?

If the vendor is able to replace the existing system for less than the cost of creating an interface with the existing modernized e-File system, the Division of Taxation will consider replacing our existing system.

40. General - Hosting Solution. Does Division of Taxation expect the vendor to provide a hosting solution or does the Division anticipate the solution to be hosted in a State provided facility? How should this be costed in the proposal response? If the COTS ITS

is expected to be hosted at data centers owned by State of Rhode Island then what sort of infrastructure (network firewall/ cabling etc.) would be provided by State? Please clarify.

The proposed solution will be hosted on premise at the State's datacenter in Warwick, Rhode Island. The State will provide the CORE switch uplink (and cabling for same) and connection paths for all internal State users to get to the new system. All other network infrastructure should be provided by the vendor, following our Cisco standards, and self contained to support the entire solution.

41. General Scalability. Please indicate expected year on year growth of new registrations / transactions expected to be handled by new COTS ITS solution based on existing trends. The Division of Taxation averages approximately 5,000 – 10,000 new personal income tax filers per year and approximately 7,000 – 10,000 new business registrations per year.

42. General-Offline Systems RFP mentions Division of Taxation currently utilizing RevQ software application for collection cases which it intends to retire and replace its functionality in the proposed COTS ITS system. Can the Division please tell us the database being used in this RevQ system and whether we will be required to migrate the current data into the new COTS ITS?

RevQ is SQL Server. The only data that will be migrated to the COTS ITS system will be the internal user comments which are currently stored in a comments table. The comments will be extracted by the Division of Taxation and provided to the vendor for conversion purposes.

43. Attachment G. Attachment G is locked. Please let us know the password or provide us the unlocked copy so that additional rows can be added, wherever required.

The password is AAAAAABBAAW and is case sensitive.

44. Given the holidays during this proposal schedule, will the State grant a two-week extension to the proposal due date?

No. The submission deadline will remain as Tuesday, January 15, 2013 at 2:00 P.M.

45. Requirement #67 - For taxpayers with multiple locations, provides the capability to register each location for one or more activities per tax type. Request for clarification: Please define "activities".

An example of this requirement would pertain to a taxpayer owning two convenience stores: one in Providence, RI and one in Warwick, RI. Each store sells cigarettes, liquor, and prepaid phone cards which are different tax types requiring separate applications/registration.

46. Requirement #119 - Supports quarter monthly reporting periods. Request for clarification: Please define a “quarter monthly” reporting period.

Quarter monthly is a filing frequency which is used for withholding tax payments only.

The periods are for the 1st through the 7th, the 8th through the 15th, the 16th through the 22nd, and the 23rd through the last day of the month for a total of 48 reporting periods per year.

47. Requirement #168 - Provides the capability to distinguish taxpayers who are eligible for compensation and allow the compensation to be deducted if the return is filed and paid on time. Request for clarification: Please define “compensation” and the tax type(s) to which it is applicable.

“Compensation” is an amount allowed for expenses incurred by the taxpayer in administering, collecting, and remitting sales and use taxes, prepaid wireless E911 charges, or offsetting IRS refunds against state income tax liabilities. In most cases a percentage is deducted from the tax or charge remitted to the state. Compensation is allowed as follows:

- Streamlined Sales Tax Model 1 certified service providers and voluntary sellers registered under the Streamlined Sales Tax Central Registration System. A percentage is deducted from the tax remitted to the state.
- Sellers shall be permitted to deduct and retain one percent (1%) of prepaid wireless E911 charges that are collected by the seller/taxpayer from consumers.
- The Treasury Offset Program deducts and retains \$22 per transaction for offsetting IRS refunds against Rhode Island liabilities.

48. Requirement #319 - Provides the capability to code existing liabilities with multiple different codes. Request for clarification: Please provide two or three examples of “codes” that could be applied to a liability and their purpose, if not self-evident from the code name.

In certain situations, the Division of Taxation uses multiple codes to identify and apply payments to a taxpayer's liability. Examples of these codes are: hearing, bankruptcy, if the taxpayer has a responsible officer or the taxpayer's account is coded as being in write-off status. The Division of Taxation uses these codes because each situation may require different business rules.

49. Will there be any requirements to integrate the new Tax system with RIFANS?

The COTS ITS will not be required to integrate with RIFANS, however the COTS ITS will need to interface with RIFANS to post receipts, refunds and adjustments to revenue accounts.

50. Considering that we received a cancellation email with respect to this RFP that resulted in 2 weeks lost to confirming the RFP status, we would appreciate it if the RFP deadline were extended 2 weeks to make up for the unfair disadvantage we sustained in terms of lost time.

No. The submission deadline will remain as Tuesday, January 15, 2013 at 2:00 P.M. The cancellation notice was pertaining to the notification, not the RFP. Additionally, State has provided a substantial amount of time for all potential Offerors to put together a comprehensive proposal in response to the RFP.

51. In our response to the RFP, certain European legal documents of the parent company will have to be furnished. It has been our previous experience that strictly for the submission of our response, scanned copies of such documents, officially certified by the relevant European authorities, are acceptable. Naturally, in case of award, the original hard copies shall be furnished. Would the State of Rhode Island be willing to accept scanned copies in our submission?

The State will accepted scanned copies of certain legal documents as part of any submission. However, if the Offeror is awarded the bid then official hard copies must be furnished.

52. The deadline of submission for the abovementioned RFP # 7458282 is January 15th, 2013. Although we shall make every effort to keep the deadline set by the Contracting Authority, we respectfully request the Contracting Authority to kindly consider granting

an extension of two (2) weeks to the above-mentioned deadline, based on the following reasoning:

- a. Having carefully read the RFP relating to the above-mentioned project, the request is hereby courteously presented due to the design depth of the technical solution required.
- b. The latter will also depend and will be based on the complete set of information needed to be obtained by the answers to the clarification questions.
- c. Last but not least, the response preparation time is strongly compressed due to the approaching Holiday season.

Based on all the above, we highly recommend an additional window of time, which will enable all bidders to complete and submit a reply to the related RFP in a concluded and coincident manner, while presenting the State of Rhode Island with competent and competitive proposals.

The submission deadline will remain Tuesday, January 15, 2013 at 2:00 P.M.

53. Please provide a list of the state-owned hardware and software (and the number of licenses) that can be leveraged on the integrated tax project.

This COTS ITS solution will need to have its own hardware and software licensing; it should not be assumed that the State can leverage any existing licenses.

54. Please provide an estimate of the number of paper forms, by form type, received annually.

Please see response to Question #9.

55. Please provide an estimate of the number of checks and money orders received annually.

For Fiscal Year 2012 the Division of Taxation received approximately 458,000 checks (422,000 were processed through the Division of Taxation's Lockbox and 36,000 were processed by the Division of Taxation's Cashier's Section).

56. The State notes in the RFP that vendors must have previous experience implementing similar systems on a state-level basis. Would the state consider proposals by vendors which, while not yet at state-level, have extensive experience implementing comprehensive and extensible systems on an enterprise level for many large government agencies throughout North America?

The Division of Taxation will consider vendors who have successfully implemented a COTS ITS if the system is integrated and running multiple tax types similar to the taxes/fees administered by the Division of Taxation.

57. Request a Delay in the response deadline. EP2M is very keen to bid for the Rhode Island RFP. The clarity provided in the briefing session (Dec 10th) and responses to questions (expected early the week of the Dec 17th) when aligned with the Holiday season will impact EP2M's ability to provide the comprehensive and competitive response required. We respectfully request a minimum of a 2 week extension to the deadline date of Jan 15th.

The submission deadline will remain Tuesday, January 15, 2013 at 2:00 P.M.

58. Forms. Does the Authority have a formal process for developing/revising Tax Forms ? If yes: What is the normal timeline in getting a new (revised) form approved and available to the Tax Payer? What internal approvals are required? If No: What process is planned for managing and handling Tax Form revisions.

The Division of Taxation does have the formal process of developing/revising all tax forms. The normal timeline for developing a new (or revised) form can vary depending upon the tax type and/or the intricacy and number of data elements on the specific form. Depending on the specific form, the processing time could range from a minimum of two weeks up to six months, with most forms taking rough three months to develop or revise. Internal approvals include the tax form supervisor, section chief for the tax type, section chief for tax processing, information technology section and the Tax Administrator's Office.

59. What is the retention period required for images required by RI Division of Taxation?

Retention requirements vary by tax type and most can be found in Rhode Island General

Law. Most taxes and fees administered by the Division of Taxation currently have a five or six year retention requirement. The Secretary of State's Office published a regulation addressing "Making and Management of Imaged Public Records" (<http://sos.ri.gov/documents/archives/regdocs/released/pdf/SOS/5762.pdf>)

As part of the modernization project the Division of Taxation plans to review all tax return retention requirements and propose modifications.

60. During the bidders conference it was stated that there are 217 FTE's in the Department of taxation. Will all of these FTE's require access to the Image and Data Capture system? Please see response to Question #22. Please note, for Fiscal Year 2013 the Division of Taxation has 207 FTEs.

a.) How many need access for image retrieval?

1.) Of these how many will be using the system 70% or more each day

Please see response to Question #22.

2.) How many will use it less than 10% per day

Please see response to Question #22.

b.) How many need access to the data capture system?

Please see response to Question #22. Tax Processing/E-gov will be the primary users of the data capture system, therefore approximately 35 to 45 FTEs will require access to this system.

c.) Will anyone outside of the Division of Taxation need access to the images?

1.) If yes, how many. More than 70% usage? Less than 10% usage?

The only individuals outside of the Division of Taxation who will need access to the images will be the programming staff in the Division of Information Technology which will be supporting the COTS ITS system. The total number of FTEs in the Division of Information Technology supporting the imaging system will range between nine and fifteen and will most likely use the system less than 10% of the time.

61. Of the returns processed by RI – Div. of Tax., how many are paper returns and how many are electronic?

Please see response to Question #9.

62. How many documents will be scanned on a peak day? On an Average day

The RI Division of Taxation currently does not utilize an imaging system and therefore cannot provide this estimate.

a.) How much time to complete the volumes listed above?

The RI Division of Taxation currently does not utilize an imaging system and therefore can not provide this estimate.

b.) Must all items be scanned on the day they are received?

It is the intent of the RI Division of Taxation to scan all items on the day they are received if the item is associated with a tax payment.

63. How many, if any, part time staff are employed during tax system for data entry?

The Division of Taxation hires nine data entry seasonal employees from February to June for the personal income tax filing season.

a. Do you require all returns to be key entered on the day they are received?

No. The current benchmark is that all returns received should be data entered within one week of receipt.

64. In Attachment I there is a column marked “Number of Tax Forms.” Is this the number of different forms associated with this tax type or is it the number of pages associated with that form?

In Attachment I, the column marked “Number of Tax Forms” is the number of different forms associated with this tax type.

a.) If this is number of different form types is there a breakdown of the typical number of pages for each form type?

Currently, the RI Division of Taxation does not have a listing of the number of pages for each form type. Most forms are one (1) or two (2) pages.

65. Item 42 states: “Provides the capability to define and maintain form validation rules in a real-time manner.” Can you please clarify what it is you are looking to do?

The state would like to be able to adjust validation rules like alpha or numeric values without requiring system user to log out of the system.

66. Item 43 states: “Provides the capability to define and maintain form data element tolerance levels in a real-time manner.” Can you please clarify what you are looking to do?

Updating validation rules in a real-time manner would allow the State the ability to adjust specific elements of business rules (for example: refund amounts that require additional review) and have the update take effect immediately.

67. Item # 625 states: “Provide a separate remittance processing component for processing checks.” Are you looking to replace Webster Bank for processing payments?

The Division of Taxation does not plan to replace Webster Bank.

68. How do you currently process checks received with tax returns?

For taxpayers making payments through our cashiers unit, checks are deposited via remote deposit machine.

As the returns and checks are received through the mail, they are sorted by specific form type. If the payment accompanies a voucher return, the check and voucher is forwarded to our lockbox service provider for processing. If the payment is made by check and the taxpayer fails to include a voucher, an associate in Primary Processing prepares a voucher and then forwards the items to our lockbox service provider.

If the payment is filed with a whole-page return that does not have a voucher associated with that form, the forms and the checks are forwarded to an associate for batching. The checks are tallied by tax type and forwarded to Cashiers. The checks are then forwarded to our financial institution for daily deposit.

69. During the bidders conference there was a reference to wanting to be able to do electronic deposits at the cashier station.

- a.) Does the deposit system need to be integrated into the cashing system?

No, but the cashing system must interface with the COTS ITS.

b.) How many cashiering locations? How many of Cashiers per location?

The Division of Taxation maintains one cashiering location with two cashiers utilizing the same register or recording terminal.

c.) What is the breakdown of documents at the cashier station? (vouchers, returns, checks, etc.)

The documents received in the Cashiers section processed through our register is approximately 54,000 returns/vouchers and 36,000 checks for the period July, 2011 through June, 2012.

d.) What is the average daily volume per location? Peak volume per location?

The Division of Taxation has one Cashier section. The Cashier section processes approximately 280 to 300 checks on a peak day and averages approximately 180 to 190 checks per day.

70. Item 639 states:” provide electronic presentment (Check 21). To what bank or banks will we need to deposit?

Webster Bank.

a.) How many checks peak day? Average day?

The Cashier section processes approximately 280 to 300 checks on a peak day and averages approximately 180 to 190 checks per day.

71. With the holidays in the middle of the RFP response time would the state entertain extending the submission deadline to January 31st?

No. The submission deadline will remain as Tuesday, January 15, 2013 at 2:00 P.M.

72. Must a vendor respond to the entire RFP or can they respond to a particular section? For example, just the Image and Data Capture section.

The Division of Taxation is seeking a complete solution to include a COTS ITS along with a front-end imaging and data entry system. A vendor is welcome to respond only to particular sections of the RFP, but the scoring will be based on the entire RFP.

73. Item 6.2. Step 1 – Scoring Administrative Requirements on page 56 of RFP #7458282 references an Offeror Confirmation Letter. Are we to assume that the forms contained in Attachment A comprise this Offeror Confirmation Letter? If not, where is the Offeror Confirmation Letter

located? We cannot find a form with this title, or reference to such, within Attachment A.

A completed and signed Attachment A will represent an Offeror Confirmation Letter. No additional attachment or letter is necessary.